

Message Text

PAGE 01 STATE 197291 TOSEC 200235

64

ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 H-02 PM-04 IO-13 AID-05 DHA-02

ORM-02 SSO-00 CCO-00 /054 R

DRAFTED BY NEA/RA:JRCHEEK:BR

APPROVED BY P - MR. HABIB

S/S - MR. SEBASTIAN

NEA:ARDA

H - MR. GOLDBERG (SUBS)

PM - MR. ERICSON (SUBS)

AID - MR. MURPHY (SUBS)

S - MR. COLLUMS

IO - MR. BAKER

----- 063143

O 092123Z AUG 76

FM SECSTATE WASHDC

TO USDEL SECRETARY IMMEDIATE

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E.O. 11652: N/A

TAGS: PFOR, UNRWA, EG, IS, JO, SY

SUBJECT: ACTION MEMORANDUM - USE OF TRANSITION QUARTER

MIDDLE EAST SECURITY SUPPORTING ASSISTANCE FOR

UNRWA (S/S NO. 7617027)

FOR SECRETARY THROUGH HABIB AND ATHERTON FOM NEA AND IO

1. UNRWA IS AGAIN FACING A FINANCIAL CRISIS. USYG GUYER

HAS APPEALED TO US FOR A 6 MILLION DOLLAR CONTRIBUTION

AND SYG WALDHEIM HAS ALSO SENT AN URGENT APPEAL TO

PRESIDENT FORD AND OTHER CHIEFS OF STATE. THE 6 MILLION

DOLLARS REPRESENTS THE AMOUNT NEEDED BY UNRWA TO AVOID

HAVING TO ISSUE TERMINATION NOTICES TO ITS PALESTINIAN

STAFF AND DELAY SCHEDULED REOPENING OF SCHOOLS. IF WE

CONTRIBUTE THE 6 MILLION DOLLARS, UNRWA WILL STILL HAVE

TO RAISE AN ADDITIONAL 11 MILLION DOLLARS FROM OTHER

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PAGE 02 STATE 197291 TOSEC 200235

DONORS TO SEE IT THROUGH CY 1976.

2. WE SEE NO PRACTICAL ALTERNATIVE TO PROVIDING THE ADDI-

TIONAL 6 MILLION DOLLARS, PARTICULARLY SINCE IT WOULD BE A

FIRST STEP TOWARD BRINGING OUR TOTAL CY-76 CONTRIBUTION TO THE 44.7 MILLION DOLLAR LEVEL SUGGESTED BY UNRWA AS THE MINIMUM US CY1976 CONTRIBUTION IT WILL NEED TO KEEP GOING. A REDUCTION IN UNRWA OPERATIONS AT THIS TIME IS CERTAINLY IN NO ONE'S INTEREST, AND UNRWA'S REPUTATION WITH MOST OF THE CONGRESS IS GOOD.

3. OUR SEARCH FOR CURRENTLY AVAILABLE FUNDS WHICH COULD APPROPRIATELY BE USED FOR UNRWA HAS LED US TO THE STILL UN-OBLIGATED TRANSITION QUARTER (TQ) SECURITY SUPPORTING ASSISTANCE (SSA) FUNDS EARMARKED FOR THE FOUR MIDDLE EAST COUNTRIES (EGYPT, ISRAEL, JORDAN AND SYRIA). (UNFORTUNATELY, AS THE TELEGRAM AT PARA 9 EXPLAINS, WE ARE PROHIBITED FROM USING THE MIDDLE EAST SPECIAL REQUIREMENTS FUND FOR UNRWA.) WE BELIEVE THE MOST EQUITABLE AND ACCEPTABLE ARRANGEMENT FOR OBTAINING THE 6 MILLION DOLLARS WOULD BE TO TRANSFER TO UNRWA 1.5 MILLION DOLLARS FROM THE TQ SSA FUNDS OF EACH OF THE FOUR COUNTRIES.

4. ALL FOUR GOVERNMENTS EXPECT TO RECEIVE THE FULL AMOUNT EARMARKED FOR THEM AND WILL UNDOUBTEDLY NOT BE PLEASED WITH ANY DIVERSION OF "THEIR" FUNDS TO UNRWA. WE BELIEVE WE CAN HANDLE THE THREE ARAB GOVERNMENTS BECAUSE THE ADDITIONAL TQ FUNDING FOR THEM IS A GENUINE WINDFALL. ISRAEL, HOWEVER, LOBBIED HARD TO OBTAIN THE ADDITIONAL TQ FUNDING FROM THE CONGRESS AND TO GET THE ADMINISTRATION TO ACCEPT IT. IF THE ISRAELIS STRONGLY OBJECT TO OUR DIVERSION OF 1.5 MILLION DOLLARS AND SEEM LIKELY TO COMPLAIN TO THE CONGRESS, IT WOULD NOT BE FEASIBLE FOR US TO PROCEED WITH THE ARRANGEMENT. WE THEREFORE NEED TO FIRST APPROACH THE GOI AND OBTAIN ITS ACQUIESCENCE BEFORE APPROACHING THE GOE, THE GOJ AND THE SAG.

5. IF THE ISRAELIS PROVE INTRACTABLE, WE BELIEVE THE MOST EXPEDITIOUS AND PRACTICAL ALTERNATIVE ARRANGEMENT FOR OBTAINING THE FUNDS FOR UNRWA WOULD BE TO TRANSFER THE ENTIRE 6 MILLION DOLLARS FROM THE EXTRA 60 MILLION DOLLARS LIMITED OFFICIAL USE
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PAGE 03 STATE 197291 TOSEC 200235

IN SSA APPROPRIATED FOR JORDAN FOR THE TQ. THE JORDAN WINDFALL IS UNEXPECTEDLY VERY LARGE AND THE JORDANIANS HAVE BEEN MOST PERSISTENT IN THE PAST IN PRESSING US FOR INCREASED USG ASSISTANCE FOR UNRWA. AMBASSADOR PICKERING ANTICIPATES A STRONG NEGATIVE REACTION FROM THE GOJ WHICH BADLY NEEDS AND EXPECTS TO RECEIVE THE FULL 60 MILLION DOLLARS. WE WILL SIMPLY HAVE TO ADVISE KING HUSSEIN THAT WE REGRET THE URGENT NECESSITY OF SUCH ACTION BUT WE HAVE NO CHOICE. WE CAN COMPENSATE SOMEWHAT BY BEING MORE RESPONSIVE TO THE GOJ'S REQUEST THAT A SUBSTANTIAL PORTION OF ITS TQ FUNDS BE GRANTED AS BUDGETARY SUPPORT.

6. AFTER CONSULTING WITH THE GOVERNMENTS AFFECTED AND DECIDING ON A COURSE OF ACTION, WE WILL HAVE TO CONSULT THE FOUR CONGRESSIONAL COMMITTEES INVOLVED. THE APPROPRIATIONS COMMITTEES PARTICULARLY WILL NOT BE PLEASED WITH A TRANSFER OF MIDDLE EAST SSA TO UNRWA, BUT WE BELIEVE WE CAN CONVINCE THEM TO ACCEPT THE NECESSITY OF AVOIDING A CUTBACK IN UNRWA OPERATIONS AT THIS TIME AND TO GO ALONG

WITH THE TRANSFER. AS INDICATED ABOVE, IF OUR PROPOSAL TO CONGRESS IS TO TRANSFER 1.5 MILLION DOLLARS FROM EACH OF THE FOUR COUNTRIES, WE WILL HAVE FIRST OBTAINED THE ACQUIESCENCE OF THE GOI AND THIS WILL FACILITATE OBTAINING CONGRESSIONAL ACCEPTANCE. IF WE CANNOT OBTAIN GOI ACQUIESCENCE AND HAVE TO PURSUE THE FALLBACK ALTERNATIVE OF TRANSFERRING THE ENTIRE 6 MILLION DOLLARS FROM JORDAN, WE DO NOT EXPECT TO ENCOUNTER ANY SPECIAL PROBLEMS WITH THE CONGRESS.

7. AT PARA 9 IS A TELEGRAM WHICH EXPLAINS THE PROBLEM AND OUR PROPOSED SOLUTION AND INSTRUCTS EMBASSY TEL AVIV TO TAKE THE FIRST STEP BY APPROACHING THE GOI. IF THIS APPROACH IS SUCCESSFUL, WE WILL SEND A SIMILAR TELEGRAM TO EMBASSIES CAIRO, AMMAN AND DAMASCUS, THOUGH WE WILL PRESENT THE MATTER MORE AS A DECISION ALREADY TAKEN. (IT MIGHT MAKE IT EASIER FOR THE ARAB GOVERNMENTS IF THEY DID NOT HAVE TO GIVE THEIR CONSENT, SINCE THIS COULD SEEM TO IMPLY OUR USING ARAB FUNDS FOR UNRWA--A SENSITIVE ISSUE WITH THEM.) IF THE APPROACH TO THE GOI FAILS AND WE FALL BACK TO THE JORDAN ALTERNATIVE, AN APPROPRIATE INSTRUCTED LIMITED OFFICIAL USE

PAGE 04 STATE 197291 TOSEC 200235

TION TO AMBASSADOR PICKERING WILL BE SENT TO YOU FOR APPROVAL.

8. RECOMMENDATION:

THAT YOU CONCUR WITH THE PROPOSED PLAN OF ACTION FOR URGENTLY PROVIDING A 6 MILLION DOLLAR CONTRIBUTION TO UNRWA AND THAT YOU APPROVE:

-- AS STEP ONE, SENDING THE TELEGRAM AT PARA 9 TO EMBASSY TEL AVIV.

APPROVE

DISAPPROVE

-- AND AS STEP TWO, IF STEP ONE IS SUCCESSFUL, SENDING A SIMILAR TELEGRAM TO EMBASSIES CAIRO, AMMAN AND DAMASCUS.

APPROVE

DISAPPROVE

-- AND AS AN ALTERNATE STEP TWO, IF STEP ONE IS UNSUCCESSFUL, A FALLBACK TO TRANSFERRING THE ENTIRE 6 MILLION DOLLARS FROM JORDAN.

APPROVE

DISAPPROVE

9. FOLLOWING IS PROPOSED TELEGRAM. BEGIN TEXT:

TO TEL AVIV IMMEDIATE
INFO USUN NEW YORK ROUTINE

FOR CHARGE FROM SECRETARY

TAGS: PFOR, UNRWA, IS

SUBJECT: UNRWA FINANCES

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PAGE 05 STATE 197291 TOSEC 200235

UN UNDER SECRETARY GUYER INFORMS US THAT UNRWA HAS A QUOTE NEAR DESPERATE REQUIREMENT UNQUOTE FOR PLEDGES OF AN ADDITIONAL 6 MILLION DOLLARS DURING JULY, WITHOUT WHICH IT WILL HAVE TO BEGIN ISSUING TERMINATION NOTICES TO STAFF AND DELAY REOPENING OF SCHOOLS, AND THAT UNRWA WILL NEED A TOTAL OF APPROXIMATELY 17 MILLION DOLLARS (INCLUDING THE 6 MILLION DOLLARS) IN ADDITIONAL FUNDING TO MAKE IT THROUGH CY 1976. GUYER IS APPEALING TO THE USG AND OTHER GOVERNMENTS FOR HELP. SYG WALDHEIM HAS ALSO SENT A SIMILAR URGENT APPEAL TO PRESIDENT FORD AND OTHER CHIEFS OF STATE.

IN CY 1975 THE US CONTRIBUTED 42 MILLION DOLLARS TO UNRWA, DRAWING ON SEVERAL SOURCES OF FUNDS INCLUDING 6 MILLION DOLLARS FROM THE FY-75 MIDDLE EAST SPECIAL REQUIREMENTS FUND (MESRF). FOR CY-76 UNRWA HAD REQUESTED A 44.7 MILLION DOLLAR US CONTRIBUTION, WHICH WE AGREED TO TRY TO PROVIDE. TO DATE IN CY-76 WE HAVE CONTRIBUTED 26.7 MILLION DOLLARS FROM THE REGULAR FY-76/TRANSITION QUARTER (TQ) APPROPRIATION FOR UNRWA AND ADVISED UNRWA THAT AN ADDITIONAL 12 MILLION DOLLARS MAY BE AVAILABLE IN CY-76 FROM OUR PENDING FY-77 APPROPRIATION REQUEST FOR UNRWA. THIS LEAVES A SHORTFALL OF 6 MILLION DOLLARS IN THE SUGGESTED 44.7 MILLION DOLLAR CONTRIBUTION TO UNRWA FOR CY-76. IN VIEW OF UNRWA'S FINANCIAL CRISIS, WE BELIEVE WE SHOULD PROVIDE THIS OUTSTANDING 6 MILLION DOLLARS, WITH THE SPECIFIC UNDERSTANDING THAT THE 11 MILLION DOLLAR BALANCE OF UNRWA'S PROJECTED NEEDS FOR CY-76 MUST COME FROM OTHER DONORS.

AN APPROPRIATE SOURCE FOR THIS 6 MILLION DOLLARS WOULD BE THE MESRF. ALTHOUGH THE FY-76/TQ/77 AUTHORIZATION BILL PROVIDED THAT NOT LESS THAN 12 MILLION DOLLARS OF THE MESRF BE CONTRIBUTED TO UNRWA, THE FY-76/TQ APPROPRIATIONS BILL INCLUDES LANGUAGE THAT PROHIBITS ANY USE OF THE MESRF FOR UNRWA. USING 12 MILLION DOLLARS FOR UNRWA WOULD NOT HAVE LEFT SUFFICIENT FUNDS IN THE MESRF TO MEET OUR OTHER OBLIGATIONS TO THE SINAI SUPPORT MISSION, EXPANSION OF UNEF IN THE SINAI AND THE VOLUNTARY AGENCY PROGRAMS IN THE WEST BANK AND GAZA.

SINCE WE CANNOT USE THE MESRF AND HAVE BEEN UNABLE TO LOCATE CURRENTLY AVAILABLE FY-76 OR TRANSITION QUARTER LIMITED OFFICIAL USE
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PAGE 06 STATE 197291 TOSEC 200235

(TQ) FUNDS IN OTHER ACCOUNTS, WE HAVE RELUCTANTLY CONCLUDED THAT OUR ONLY APPROPRIATE SOURCE FOR A 6 MILLION DOLLAR CONTRIBUTION TO UNRWA IN THE IMMEDIATE FUTURE IS TQ MIDDLE EAST SECURITY SUPPORTING ASSISTANCE (SSA) FUNDS. ALTHOUGH THESE FUNDS ARE EARMARKED IN THE APPROPRIATION TO THE INDIVIDUAL COUNTRIES (ISRAEL 75 MILLION DOLLARS, EGYPT 100 MILLION DOLLARS, JORDAN 60 MILLION DOLLARS AND SYRIA 15 MILLION DOLLARS), WE DO HAVE THE NECESSARY AUTHORITY TO OVERCOME THESE EARMARKS AND TRANSFER SOME OF THESE FUNDS TO UNRWA, SUBJECT TO CONSULTING WITH APPROPRIATE COMMITTEES OF CONGRESS. SINCE THE FOUR ME COUNTRIES INVOLVED ALL SUPPORT UNRWA AND HAVE A SIGNIFICANT STAKE IN ITS CONTINUED, EFFECTIVE OPERATION, WE BELIEVE THE MOST EQUITABLE PROCEDURE WOULD BE TO TRANSFER 1.5 MILLION DOLLARS FROM THE TQ SSA FUNDS CURRENTLY EARMARKED FOR EACH OF THEM TO PROVIDE THE 6 MILLION URGENTLY NEEDED BY UNRWA.

BEFORE PROCEEDING TO SOUND OUT CONGRESS, HOWEVER, WE WANT TO GET IN TOUCH WITH THE POTENTIALLY AFFECTED GOVERNMENTS ABOUT OUR CONTEMPLATED ACTION. SINCE STRONG GOI OPPOSITION TO SUCH A TRANSFER OF FUNDS EARMARKED FOR IT AND THE LIKELIHOOD OF ITS MAKING THIS OPPOSITION KNOWN TO THE CONGRESS WOULD BE A SERIOUS OBSTACLE, WE WANT FIRST TO SOUND OUT THE GOI AND TAKE ITS REACTION INTO ACCOUNT BEFORE APPROACHING THE OTHER GOVERNMENTS. YOU ARE THEREFORE REQUESTED TO APPROACH APPROPRIATE GOI OFFICIALS URGENTLY AND:

-- EXPLAIN UNRWA'S CURRENT FINANCIAL CRISIS AND THE SITUATION THE USG FACES IN ATTEMPTING TO RESPOND WITH A SPECIAL 6 MILLION DOLLAR CONTRIBUTION, AS DESCRIBED ABOVE; EMPHASIZING THAT OUR INABILITY TO USE THE MESRF RESULTS FROM OUR HAVING TO ASSURE ITS AVAILABILITY FOR SUPPORT OF THE SSM AND EXPANDED UNEF.

-- ADVISE THAT WE ARE SERIOUSLY CONSIDERING THE POSSIBIL-

ITY OF A TRANSFER OF 1.5 MILLION DOLLARS EACH FROM THE TQ
SSA FUNDS CURRENTLY EARMARKED FOR THE FOUR MIDDLE EASTERN
COUNTRIES, OBSERVING THAT THESE ARE THE ONLY APPROPRIATE
FUNDS WHICH ARE CURRENTLY AVAILABLE FOR AN EMERGENCY USG
CONTRIBUTION TO UNRWA.

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PAGE 07 STATE 197291 TOSEC 200235

-- NOTE THAT THE AMOUNT TRANSFERRED WOULD BE RELATIVELY
SMALL AND WOULD BE EQUITABLY APPORTIONED AMONG THE FOUR
RECIPIENTS AND THAT SUCH TRANSFER WOULD BE MADE AS A LAST
RESORT AND WOULD NOT BE VIEWED AS A PRECEDENT FOR THE
FUTURE.

-- EXPRESS OUR HOPE THAT THE GOI, IN VIEW OF ITS SUPPORT
FOR UNRWA AND ITS SIGNIFICANT STAKE IN UNRWA'S CONTINUED,
EFFECTIVE OPERATION, WILL UNDERSTAND THE DESIRABILITY OF
OUR TAKING SUCH ACTION.

WE WILL NOT PROCEED UNTIL WE RECEIVE THE GOI'S REACTIONS
AND ANY COMMENTS YOU MAY WISH TO MAKE. A PROMPT REPLY
WILL THEREFORE BE APPRECIATED. END TEXT.

10. DRAFTING AND CLEARANCE INFORMATION:

DRAFTED BY: NEA/RA:JRCHEEK

APPROVED BY: P - MR. HABIB

CONCURRENCES: NEA - MR. DAY; IO - MR. BAKER ;
H - MR. GOLDBERG (SUBS); PM - MR. ERICSON (SUBS);
AID - MR. MURPHY (SUBS); S/S - ; S -
HABIB

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